

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

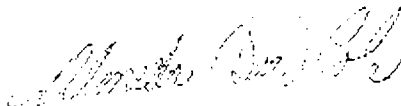
Notice FC-107

1980-B

For: State and County Offices

95 Percent Guarantees

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) provided for loan guarantees up to 95 percent in certain cases. The specific requirements regarding this issue are in FmHA Instruction 1980-B, Section 1980.174. These regulations will become effective March 24, 1997.

B

Purpose

This notice explains how to handle obligating and closing loan guarantees eligible for the 95 percent guarantee.

C

Contacts

State Offices shall direct questions regarding this notice to LMD, Guaranteed Loan Branch, through the Area Office.

Disposal Date

February 1, 1998

Distribution

State Offices; State Offices relay to County Offices

3-20-97

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2 Action (Continued)

B Correcting Loans Obligated at 90 Percent (Continued)

After the loan is closed:

- manuscript and route the GA transaction "Loan Closing" through ADPS
- mail a copy of FmHA 1980-19 to the Finance Office mail code FC-53.

Note: The Finance Office will accept loan closing documents for processing on the loans where the obligation has to be corrected. For all other loan closings, **do not** process the GA transaction until the software is available to the Finance Office.

C Obligating Loans at 95 Percent

To obligate guaranteed loans at 95 percent, before software is developed by the Finance Office, follow the steps in this table.

Step	Action
1	Manuscript the 1A transaction showing the 95 percent guarantee, but do not put a "P" process code on the account. The transaction will go through the update with a "C" in the process code.
2	The next day, route the transaction to jurisdiction "OB".
3	Send a copy of FmHA 1940-3 to the Finance Office as follows: <ul style="list-style-type: none">· FAX to 314-539-3109 or 314-539-3111· mail to Mail Code FC-53.

After the Finance Office gives notification that the software has been developed, continue to obligate and close 95 percent guarantee transactions according to standard procedures and established guidelines as revised in accordance with the 1996 Act.
